



Summary of the Residential Rent Stabilization and Tenant Protection Ordinance

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Residential Rent Stabilization and Tenant Protection Ordinance Summary

This guide is a brief summary of the Residential Rent Stabilization and Tenant Protection Ordinance (RRSO). It is not intended to be a complete description or a substitute for the laws themselves. This summary can be given to the tenant to meet the noticing requirements. If this summary is different than RRSO, the language from the RRSO applies. Review of the RRSO is strongly encouraged. The City's Rent Review Office can answer any questions regarding the RRSO but cannot give legal advice.

I. Overview

It is the policy of the City of Hayward to encourage investment in local residential rental housing by allowing landlords to make a fair return on their real estate investments while also protecting the welfare of its citizens who are its tenants. The aim of the RRSO is to help with housing problems caused by the lack of housing and rising rents.

The RRSO establishes:

- Allowable rent increases;
- Which rental housing units have rent protections;
- Dispute resolution process (Rent Review);
- Tenant protections related to:
 - Harassment and retaliation
 - Just cause for tenant eviction
 - Stopping bias about sources of income (including rental assistance);
- That a landlord must inform tenants about their rights;
- That a landlord must give the City copies of notices including:
 - rent increase notices
 - notices ending a rental agreement
- Fees to cover the cost of the program.

II. Rent Increases

What is considered a Rent Increase? Any additional rent requested by the landlord from the tenant. This includes any increase in housing service costs or a reduction in housing services. Housing services include insurance, repairs, replacement, maintenance, painting, lighting, heat, water, elevator service, laundry facilities, janitorial service, garbage removal, furnishings, parking, security service, and employee services.

Covered Units

Rent increase limits only apply to certain housing units (covered units). These units were built before to July 1, 1979. Major exceptions include:

- Single unit properties that are exempt due to state law (Costa Hawkins);

- Owner occupied properties with a legal accessory dwelling unit such as a converted garage;
- Affordable housing units with other rent controls;
- Hospitals, care facilities, convalescent homes, and transitional housing;
- Motels, hotels, inns, and boarding houses;
- Non-profit cooperative units owned or occupied by most of the owners.

Allowable Increases

The following are allowable increases:

- Annual Rent Increase: A landlord may increase a tenant's rent once in a 12-month period by 5% or less of the tenant's current rent;
- Banked Rent Increase: "Banked or Banking" refers to annual rent increases (up to 5%) not charged to the tenant. The landlord can charge the banked rent increase in future years with the annual increase. The total rent increase (annual increase plus the banked rent increase) may be 10% or less of the tenant's current rent. Banked rent increases expire after 10 years. Banked increases may be deferred up to 10 years. Banked increases not given to the tenant within a 10 year period expire. Landlords must give the tenant a copy of the rental history if they are giving a banked rent increase.
- Capital Improvement Pass-Through: Capital Improvement costs may be charged to the tenant to cover the landlord's cost for improvements. The improvements must be completed and paid for by the landlord before they can charge the tenant. **The amount of the increase must be approved by the City.** The landlord must ask for approval from the City within 24 months of completing the work. The increase cannot be more than 10% of the tenant's current rent (including annual rent and banking increase applied). This is not considered a rent increase. The increase must be removed after half of the costs for the improvement have been recovered by the landlord.
- Fair Return Rent Increase: Rents can be increased above 5% if it is necessary for a landlord to cover costs and get a fair return on their investment. The landlord can request City approval through the rent review process. Through this process the landlord will have to provide evidence to justify the rent increase. If the landlord does not get approval, the tenant can request rent review and the landlord will have to provide evidence to justify the increase.
- Rent Increase after Non-Voluntary Vacancies: Landlords can increase rent up to 5% of previous tenant's rent;
- Rent Increase after Voluntary Vacancies: Landlords can set initial rent without limitation.

Utility Costs

Utilities that are charged by the landlord to the tenant separate from rent as stated in the lease, are not considered rent. The landlord must use a system to make sure that the utilities are fairly shared among the tenants. If requested by the tenant, the landlord must give the tenant information that explains the increase in utility costs.

III. Rent Dispute Resolution Process (Rent Review)

Mediation and Arbitration

The RRSO provides a process to resolve disagreements about allowable rent increases (Rent Review). Before rent review starts, the tenants should try to contact the landlord regarding the disagreement. This can sometimes resolve the problem.

Rent review involves multiple steps. **Figure 1** gives the steps of the rent review for tenants. **Figure 2** gives the steps of the rent review for landlords. Tenants and landlord start the rent review process by filing a petition with the City of Hayward's Rent Review Office. The tenant and landlord petitions are discussed further in the next two sections. After a petition is filed, the disagreement is resolved in one of two ways.

① **Mediation:** Mediation is a voluntary meeting with the landlord and tenant and a trained mediator. The mediator will help the tenant and the landlord discuss the problem and possible solutions. If the tenant and the landlord agree upon a solution, the mediator will write an agreement for the tenant and landlord to sign and the case ends. If the tenant and landlord **cannot** reach an agreement in mediation, an arbitration hearing will be scheduled.

② **Arbitration:** During an arbitration hearing, the landlord will have to show that the rent increase follows the RRSO. An arbitrator will set the amount of the rent increase based on proof and statements given by both the tenant and the landlord.

Mediation is usually the first step to determine the allowable rent increase. If the tenant **and** the landlord do not want to participate in mediation, this step can be skipped, and the case can be scheduled for arbitration.

Tenant Petition

A tenant in a covered rental unit starts the rent review process by filing a petition with the City of Hayward's Rent Review Office. The petition must be filed **within 30 days after receiving a notice of any of the following:**

- 1) An annual rent increase above 5%;
- 2) A banking increase applied;
- 3) An increase in utility costs of more than 1% of the tenant's current rent; and/or
- 4) To seek help regarding decreases in housing service;
- 5) If the property has health, safety, fire, or repairs that the landlord will not fix.

Landlord Petition

Landlords starts the rent review process by filing a petition with the City of Hayward's Rent Review Office for following reasons:

- 1) To increase rent above the annual 5% threshold or 10% (including Banked Increase) to an amount necessary to obtain a fair return on investment; or

2) To set the proper amount of a capital improvement pass-through.

. **See Attachment C** for more information regarding fair return and capital improvement calculations.

The Rent Review Office of the Housing Division is located at 777 B Street, 2nd Floor, Hayward California 94541; telephone (510) 583- 4454; (housing@hayward-ca.gov).

The annual service fee covers the costs of the program. See section VII for more information. There is no additional fee charged for rent review.

Figure 1. Tenant Requested Rent Review

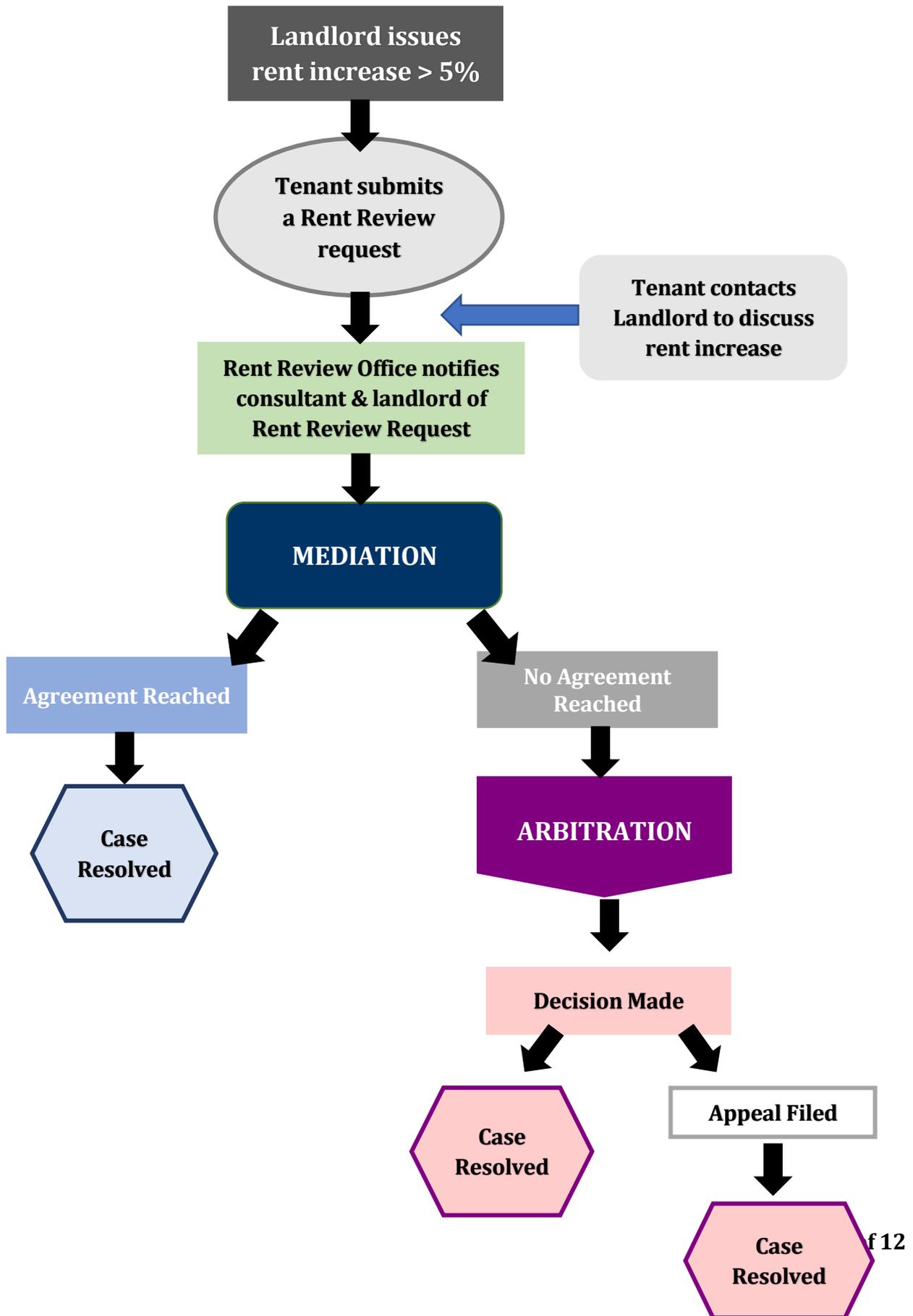
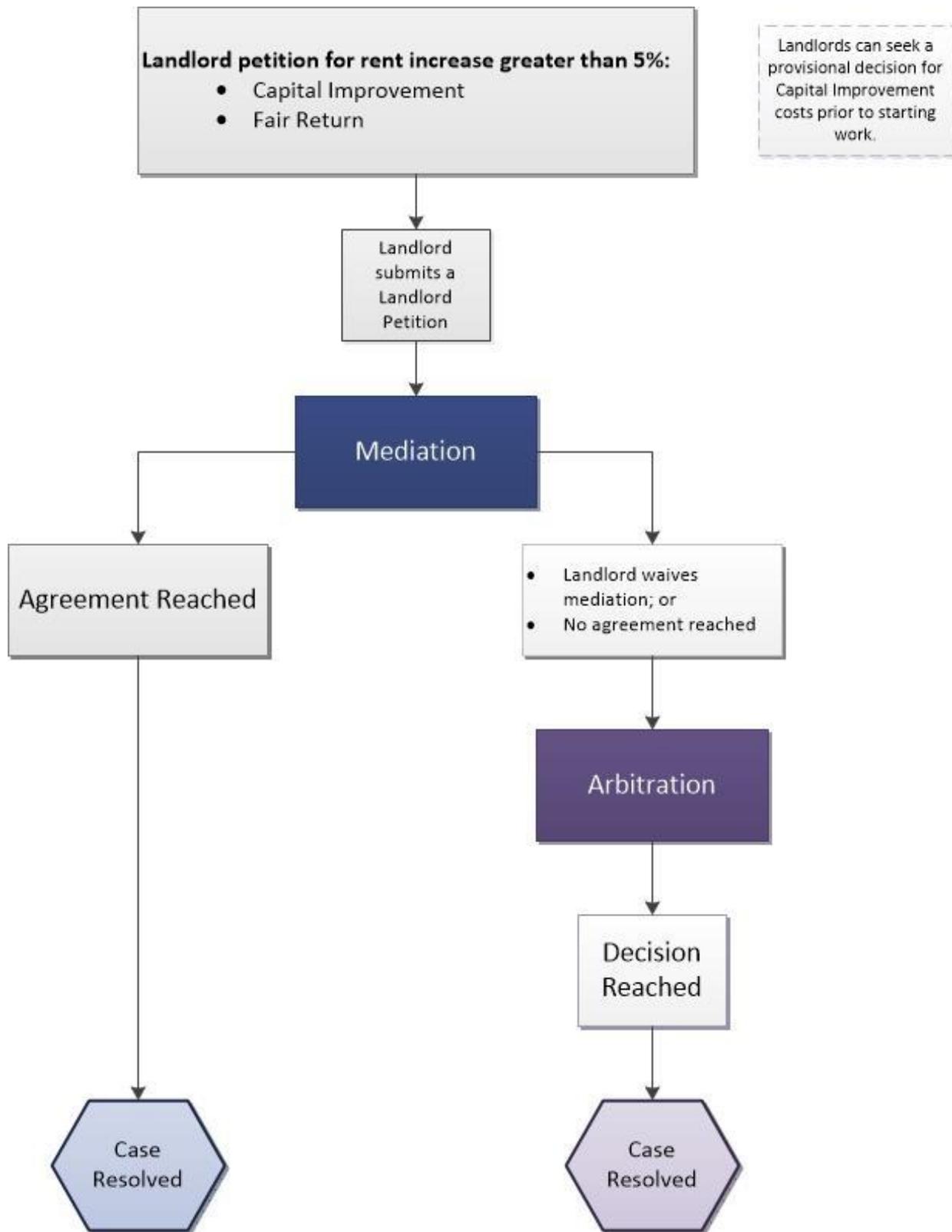


Figure 2. Landlord Requested Rent Review



IV. Tenant Protections

Harassment and Retaliation Protections

Tenant harassment and retaliation protections give tenants remedies in court if they are harassed or retaliated against by landlords. **See Attachment A** for a list of conduct that is not permitted.

Applies to almost all rental units.

Getting Help: A tenant may file a complaint in court if they have a problem related to retaliation or harassment. The RRSO sets a minimum fine of \$1000. If the tenant is a senior citizen, veteran or an individual with a disability the minimum fine is \$5,000. Before a tenant files a complaint in court, they must tell the landlord about the problem.

The tenant must allow the landlord 15 days to correct problems related to:

- A loss of housing services;
- Maintenance and repairs;
- Refusal to accept rent; and
- Direct interference with a tenant's enjoyment of rental unit.

Just Cause for Eviction

Landlords must include a legal reason in order to evict a tenant. The reason must be stated on the notice of termination of tenancy. **See Attachment B** for a list of reasons that a landlord may evict a tenant.

Applies to almost all rental units.

Getting Help: If the landlord does not state the reason for eviction on the notice of termination of tenancy, the tenant can use this as defense against an eviction.

Prohibition of Discrimination Related to Sources of Income (including rental assistance)

Landlords cannot refuse to rent a unit to a household because of their source of income. Sources of income include rental assistance such as Section 8 vouchers. This means that landlords must accept rental applications from tenants using rental assistance. They must include rental assistance as a source of income when determining whether a tenant can afford the rent. Additionally, the landlord cannot advertise that they will not accept applications from people who use rental assistance.

Applies to almost all rental units.

Getting Help: A tenant may file a complaint in court if they have been discriminated against related to source of income. If the court finds that a violation occurred, the tenant could be awarded three times the monthly rent or advertised rent, plus damages and attorney's fees and costs.

V. Information to be Given to Tenants

Notifications

Landlord must give each tenant a copy of the RRSO or this summary. The landlord must give a notice that identifies which sections of the RRSO apply to the unit. Tenants must be given this information within 30 days after the effective date of the RRSO and before renting a unit.

Rent Increases Notices

For a rent increase notice for a covered unit (see page **Error! Bookmark not defined.**), the landlord must explain the rent increase and give the tenant information about rent review. If a landlord does not properly notice a tenant, a tenant can challenge an eviction or a rent increase.

Information about Utility Costs

If requested by the tenant, the landlord must give the tenant information that explains the increase in utility costs.

VI. Information to be Given to the City

The landlord must give the City a copy of:

- Rent increase notices; and
- Notices of termination of tenancy.

The notices must be given to the City within 30 days of giving the notice to the tenant. If the landlord does not give the City a copy of the notices, the City can issue a citation for each violation.

VII. Fee

Landlords must pay the Residential Rent Stabilization fee annually by August 31. Half of the fee can be passed through to the tenant. If the fee is not paid, the landlord is not entitled to a rent increase and the tenant may use failure to pay the fee as a defense against evictions. The amount of the fee is published in the City of Hayward's Master Fee schedule annually.

VIII. Attachments

Attachment A: Conduct not permitted

1. Stop or reduce services to rental units.
2. Not completing repairs and maintenance required by contract or law.
3. Not completing repairs in a timely and professional manner.
4. Abuse right of access to rental unit.
5. Use of lies, threats, or violence to make a tenant leave a rental unit, including threats regarding immigration status.
6. Not accepting a tenant's rent.
7. Interfere with a tenant's right to privacy, including inquiries about immigration status.
8. Makes multiple offers (within 6 months) to pay the tenant if they voluntarily move out. (The tenant must tell landlord in writing that they are not interested.)
9. Interfere with tenant's right to quiet use and enjoyment of rental.
9. Interfere with a tenant's right to request rent review.
10. Verbal or physical abuse or intimidation.

Attachment B: Just Cause for Tenant Evictions

1. Tenant has not paid their rent.
2. Tenant continues to ignore the terms of the lease even after written notice to stop.
3. Tenant has caused serious damage to the rental unit and will not agree to repair or pay for repairs.
4. Tenant will not sign a new lease that is largely the same as the previous lease.
5. Tenant continues to bother other tenants even after being given written notice to stop.
6. Tenant will not let a landlord into the rental unit even after proper written notice.
7. Landlord wants to make repairs on the rental unit to meet the City's building standards which cannot be completed while the tenant is living in the unit. Landlord must get all necessary permits from the City. Once the work is finished, the tenant must be given the opportunity to rent the unit first.
8. Landlord wants to tear down the unit.
9. Landlord wants to move into the unit or wants to move family into the unit. This is not allowed if there is a similar, empty unit on the property.
10. Landlord wants to move into the unit, and it is allowed under the lease.
11. Tenant has used or is allowing others to use the property for any illegal purpose.
12. Tenant has used or is allowing others to use the property for the manufacture, sale, distribution, possession, or use of illegal drugs.
13. Tenant continues to break the written rules of the property even after written notice to stop.
14. Landlord fires the tenant and housing was given as part of the tenant's employment.
15. Tenant has threatened to kill or hurt any person on the property. A report must be filed with the Hayward Police Department.
16. Any reason under State or Federal law.

Attachment C: Fair Return and Capital Improvements

Fair Return

Landlords are assured a fair return on their property and rental income. They can request rent review to set the proper amount. A landlord can raise the rent enough to ensure that their income covers their costs and they receive an increase in profit. This does not include cost related to loans or capital improvements.

Capital Improvements

Capital improvement is work done to the property that

- adds value to the property;
- extends the life of the property;
- benefits the tenants; and
- helps with earthquake safety and energy efficiency.

Landlords may only impose a pass-through to recover half of the cost of capital improvement. The amount must be approved by the City of Hayward. Landlords can ask the City of Hayward to review before they start the work. The work must be complete and paid for before the City will give a final approval. Rent review for capital improvement pass-through must be started within 2 years of finishing work.

A capital improvement pass-through is not considered rent so the landlord can give both a 5% rent increase and a 5% capital improvement cost pass-through. Capital improvement pass-throughs must be removed after the end of the pass-through period.